



# QUARTERLY STATEMENT

AS OF JUNE 30, 2007  
OF THE CONDITION AND AFFAIRS OF THE

## Priority Health

NAIC Group Code 3383, 3383 NAIC Company Code 95561 Employer's ID Number 38-2715520  
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan  
Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]  
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [ X ]  
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized 03/07/1986 Commenced Business 10/15/1986

Statutory Home Office 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1231 East Beltline NE Grand Rapids, MI 49525-4501 616-942-0954  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1231 East Beltline NE Grand Rapids, MI 49525-4501 616-464-8926  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.priority-health.com

Statutory Statement Contact Kristy Shoemaker 616-464-8926  
(Name) (Area Code) (Telephone Number) (Extension)  
kristy.shoemaker@priority-health.com 616-942-7916  
(E-Mail Address) (Fax Number)

Policyowner Relations Contact 1231 East Beltline NE Grand Rapids, MI 49525-4501 800-446-5674  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

### OFFICERS

Name	Title	Name	Title
<u>Kimberly K Horn</u>	<u>President / Chief Executive Officer</u>	<u>Gregory A Hawkins #</u>	<u>Chief Financial Officer</u>
<u>Judith W Hooyenga</u>	<u>Secretary</u>		

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

<u>Dennis Aloia</u>	<u>Daniel H Baldwin</u>	<u>Craig H Bethune</u>	<u>Richard C Breon</u>
<u>Gaylen J Byker</u>	<u>Karl D Deck</u>	<u>Kenneth J Fawcett</u>	<u>Michael P Freed</u>
<u>Lynn Kotecki</u>	<u>Michael I Love</u>	<u>Peter B Lundeen</u>	<u>Christina MacInnes</u>
<u>Kathleen S Ponitz</u>	<u>Stephen B Reznicek</u>	<u>Robert W Roth</u>	<u>Thomas G Schwaderer</u>
<u>Timothy V Smith</u>	<u>Hilary F Snell</u>	<u>Dale M Sowders</u>	<u>James J Stephanak</u>
<u>Jody D Vanderwel</u>	<u>Thomas J Wesholski</u>		

State of Michigan  
County of Kent **SS**

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn  
President / Chief Executive Officer

Gregory A. Hawkins  
Chief Financial Officer

Judith W. Hooyenga  
Secretary

a. Is this an original filing? Yes [ X ] No [ ]

- b. If no,
1. State the amendment number \_\_\_\_\_
  2. Date filed \_\_\_\_\_
  3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this  
14th day of August, 2007

Cheryl Britcher, Executive Administrative Assistant  
12/30/2011

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	147,072,951	0	147,072,951	128,754,137
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	60,965,058	663,792	60,301,266	57,656,843
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	185,218	185,218	0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....			0	0
5. Cash (\$ .....(10,628,368) ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....147,437,399 ) .....	136,809,031		136,809,031	146,995,053
6. Contract loans, (including \$ ..... premium notes)			0	0
7. Other invested assets .....	0	0	0	0
8. Receivables for securities .....	0	0	0	65,000
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	345,032,258	849,010	344,183,248	333,471,033
11. Title plants less \$ ..... charged off (for Title insurers only) .....	0	0	0	0
12. Investment income due and accrued .....	2,638,941	0	2,638,941	3,127,873
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	16,228,939	656,995	15,571,944	12,206,912
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....	123,688		123,688	29,998
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	429,472	350,241	79,231	357,495
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....	0		0	0
19. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	7,406,941	7,406,941	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....	16,680,579	10,302,276	6,378,303	14,968,167
22. Health care (\$ .....8,663,619 ) and other amounts receivable .....	10,469,432	3,101,407	7,368,025	5,805,574
23. Aggregate write-ins for other than invested assets .....	15,000	15,000	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	399,025,250	22,681,870	376,343,380	369,967,052
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
26. Total (Lines 24 and 25)	399,025,250	22,681,870	376,343,380	369,967,052
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expense.....	15,000	15,000	0	0
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	15,000	15,000	0	0

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	103,084,715	7,100,873	110,185,588	105,056,477
2. Accrued medical incentive pool and bonus amounts	11,583,966		11,583,966	19,872,850
3. Unpaid claims adjustment expenses	1,751,182	167,757	1,918,939	1,897,877
4. Aggregate health policy reserves	2,661,404		2,661,404	2,276,000
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	15,597,880		15,597,880	12,633,261
9. General expenses due or accrued	3,234,678		3,234,678	3,539,910
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	8,925,825		8,925,825	2,444,267
16. Payable for securities	1,075,347		1,075,347	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans	535,035		535,035	494,237
21. Aggregate write-ins for other liabilities (including \$ ..... current)	17,120,609	0	17,120,609	17,120,609
22. Total liabilities (Lines 1 to 21)	165,570,641	7,268,630	172,839,271	165,335,488
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	8,524	8,524
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
27. Surplus notes	XXX	XXX	33,839,572	33,839,572
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
29. Unassigned funds (surplus)	XXX	XXX	132,835,011	133,962,466
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) \$ ..... )	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25) \$ ..... )	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	203,504,109	204,631,564
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	376,343,380	369,967,052
<b>DETAILS OF WRITE-INS</b>				
2101. Acquisition Costs	17,120,609		17,120,609	17,120,609
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	17,120,609	0	17,120,609	17,120,609
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,473,857	2,693,545
2. Net premium income (including \$ ..... non-health premium income).....	XXX	692,246,984	692,240,361
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	692,246,984	692,240,361
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		446,113,100	460,566,754
10. Other professional services .....		531,918	274,527
11. Outside referrals .....		15,032,338	14,231,468
12. Emergency room and out-of-area .....		23,798,173	16,685,100
13. Prescription drugs .....		124,026,271	124,367,844
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		14,493,306	7,774,925
16. Subtotal (Lines 9 to 15) .....	0	623,995,106	623,900,618
<b>Less:</b>			
17. Net reinsurance recoveries .....		1,059,933	411,416
18. Total hospital and medical (Lines 16 minus 17) .....	0	622,935,173	623,489,202
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ 832,348 ..... cost containment expenses.....		9,068,818	9,522,004
21. General administrative expenses.....		53,509,326	58,506,068
22. Increase in reserves for life and accident and health contracts including \$ ..... increase in reserves for life only).....		385,404	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	685,898,721	691,517,274
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	6,348,263	723,087
25. Net investment income earned .....		8,565,491	7,629,227
26. Net realized capital gains (losses) less capital gains tax of \$ .....		(126,054)	(14,203)
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	8,439,437	7,615,024
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
29. Aggregate write-ins for other income or expenses .....	0	376,647	830,861
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	15,164,347	9,168,972
31. Federal and foreign income taxes incurred .....	XXX		0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	15,164,347	9,168,972
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. Supplemental Interest Income.....		376,647	830,861
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above) .....	0	376,647	830,861

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>			
33. Capital and surplus prior reporting year.....	204,631,564	179,174,038	179,174,038
34. Net income or (loss) from Line 32.....	15,164,347	9,168,972	24,190,260
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....	2,467,313	(2,217,518)	6,864,016
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(18,759,115)	3,112,635	2,863,143
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	33,839,572
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....	0	0	(2,000)
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	2,000
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	(42,299,465)
48. Net change in capital & surplus (Lines 34 to 47).....	(1,127,455)	10,064,089	25,457,526
49. Capital and surplus end of reporting period (Line 33 plus 48)	203,504,109	189,238,127	204,631,564
<b>DETAILS OF WRITE-INS</b>			
4701. Share repurchase of stock.....	0	0	(42,299,465)
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	(42,299,465)

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	691,481,289	1,393,939,824
2. Net investment income .....	9,278,995	17,327,391
3. Miscellaneous income .....	0	0
4. Total (Lines 1 to 3) .....	700,760,284	1,411,267,215
5. Benefits and loss related payments .....	627,685,780	1,271,893,247
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	62,444,873	132,837,350
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9) .....	690,130,653	1,404,730,597
11. Net cash from operations (Line 4 minus Line 10) .....	10,629,631	6,536,618
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	10,558,193	23,296,580
12.2 Stocks .....	26,392,782	1,000,000
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	390,794	369,348
12.7 Miscellaneous proceeds .....	1,140,347	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	38,482,116	24,665,928
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	29,217,795	24,872,006
13.2 Stocks .....	27,204,715	679,908
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	7,134	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	384,579	4,895,388
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	56,814,223	30,447,302
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(18,332,107)	(5,781,374)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	(2,483,546)	(14,902,484)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(2,483,546)	(14,902,484)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(10,186,022)	(14,147,240)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	146,995,053	161,142,293
19.2 End of period (Line 18 plus Line 19.1) .....	136,809,031	146,995,053

**STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health**

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	436,357	1,209	429,662	.0	.0	.0	.0	5,486	.0	.0
2. First Quarter .....	413,773	1,094	406,420	.0	.0	.0	.0	6,259	.0	.0
3. Second Quarter .....	405,636	1,122	397,948					6,566		
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6. Current Year Member Months .....	2,473,857	6,743	2,429,354					37,760		
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	1,725,280	10,374	1,654,084					60,822		
8. Non-Physician .....	348,819	281	346,889					1,649		
9. Total .....	2,074,099	10,655	2,000,973	.0	.0	.0	.0	62,471	.0	.0
10. Hospital Patient Days Incurred .....	55,239	251	51,258					3,730		
11. Number of Inpatient Admissions .....	13,623	67	12,940					616		
12. Health Premiums Written .....	692,619,407	2,019,261	665,294,673					25,305,473		
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	692,246,984	2,018,143	664,926,389					25,302,452		
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	627,887,588	2,005,120	606,318,693					19,563,775		
18. Amount Incurred for Provision of Health Care Services .....	623,995,106	1,998,934	600,475,868					21,520,304		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....25,305,473



STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	89,759,030	504,503,915	7,562,247	96,768,327	97,321,278	101,157,993
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	3,381,540	16,182,235	184,292	5,670,721	3,565,832	3,898,484
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	93,140,570	520,686,150	7,746,540	102,439,048	100,887,110	105,056,477
10. Healthcare receivables (a) .....	6,191,129	2,604,404	17,711	7,966,059	6,208,840	6,191,129
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	19,968,615	2,887,784	1,754,874	9,829,091	21,723,490	19,872,850
13. Totals	106,918,057	520,969,531	9,483,703	104,302,080	116,401,760	118,738,198

(a) Excludes \$ ..... loans and advances to providers not yet expensed.

6

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

### 2. Accounting Changes and Correction of Errors

#### Statutory Merger

On April 1, 2007, Care Choices HMO (Care Choices) merged with and into Priority Health (PH), at which time the separate existence of Care Choices ceased. The two years presented have been restated as if the merger had occurred as of January 1, 2006. The following table represents the impact to the restated 2006 financial statements:

	<b>For the Year Ended December 31, 2006</b>			
	Priority Health	Care Choices	Merger Accounting	Combined
<b>Balance Sheet</b>				
Assets	\$ 344,897,987	\$ 76,771,043	\$ (51,701,978)	\$ 369,967,052
Liabilities	\$ 113,505,764	\$ 34,709,114	\$ 17,120,610	\$ 165,335,488
Capital & Surplus	\$ 231,392,223	\$ 42,061,929	\$ (68,822,588)	\$ 204,631,564
	<b>For the Period Ended June 30, 2007</b>			
	Priority Health	Care Choices	Merger Accounting	Combined
<b>Income Statement</b>				
Net Income	\$ 9,106,175	\$ 62,797	\$ -	\$ 9,168,972

The restatement did not impact the Balance Sheet or Income Statement for the current period.

### 3. Business Combinations and Goodwill

#### *Acquisition of Care Choices and Trinity Health Plans*

#### Statutory Merger

1. Effective December 21, 2006, PH entered into a Merger and Stock Purchase Agreement (the Merger Agreement) with Trinity Health-Michigan (Seller), Care Choices, and Trinity Health Plans (THP). On April 1, 2007, Care Choices merged with and into PH, at which time the separate existence of Care Choices ceased. Concurrently, PH acquired from the Seller all of the outstanding stock of THP. Care Choices and THP are Michigan nonprofit corporations.

2. The transaction to acquire Care Choices was accounted for using the statutory merger method as defined in *SSAP No. 68, Business Combinations and Goodwill*.

3. No stock was issued as part of the transaction.

4. Pre-merger separate company revenue, net income, and other surplus adjustments for the three months ended March 31, 2007, were \$270,362,382; 6,220,904; and (\$13,127,451) respectively, for Priority Health and \$76,027,530; \$1,706,448; (\$21,678,418), respectively, for Care Choices HMO.

5. Not applicable.

#### Statutory Purchase

1. As discussed, on April 1, 2007, PH acquired from the Seller all of the outstanding stock of THP.

## NOTES TO FINANCIAL STATEMENTS

2. The transaction to acquire THP was accounted for using the statutory purchase method as defined in *SSAP No. 68, Business Combinations and Goodwill*, with THP becoming a wholly owned subsidiary of Priority Health. The investment in subsidiary is fully non-admitted.

3. Priority Health acquired THP for \$663,790 which was the book value upon acquisition. There was no Goodwill associated with the acquisition.

4. Not applicable.

### ***Acquisition of Metropolitan-Butterworth Health Services, Inc. and PHMB Properties LLC***

#### **Statutory Purchase**

1. Effective April 1, 2007, PH acquired the membership interest in PHMB Properties LLC (Properties) and the stock of Metropolitan-Butterworth Health Services, Inc (Wellness) from its affiliate, Priority Health Managed Benefits (PHMB).

2. The transaction was accounted for using the statutory purchase method as defined in *SSAP No. 68, Business Combinations and Goodwill*.

3. Properties and Wellness were acquired for \$2 from PH's affiliate, Priority Health Managed Benefits. There was no Goodwill recorded by the Plan.

4. Not applicable.

#### **4. Discontinued Operations**

No material changes from year end disclosures.

#### **5. Investments**

No material changes from year end disclosures.

#### **6. Joint Ventures, Partnerships and Limited Liability Companies**

No material changes from year end disclosures.

#### **7. Investment Income**

No material changes from year end disclosures.

#### **8. Derivative Instruments**

No material changes from year end disclosures.

#### **9. Income Taxes**

No material changes from year end disclosures.

#### **10. Information Concerning Parent, Subsidiaries, and Affiliates**

No material changes from year end disclosures.

#### **11. Debt**

## NOTES TO FINANCIAL STATEMENTS

No material changes from year end disclosures.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No material changes from year end disclosures.

**13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations**

No material changes from year end disclosures.

**14. Contingencies**

No material changes from year end disclosures.

**15. Leases**

No material changes from year end disclosures.

**16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No material changes from year end disclosures.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No material changes from year end disclosures.

**18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

No material changes from year end disclosures

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No material changes from year end disclosures.

**20. September 11 Events**

No material changes from year end disclosures.

**21. Other Items**

No material changes from year end disclosures.

**22. Events Subsequent**

No material changes from 1<sup>st</sup> quarter disclosures.

**23. Reinsurance**

No material changes from year end disclosures.

**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No material changes from year end disclosures

## NOTES TO FINANCIAL STATEMENTS

**25. Change in Incurred Claims and Claim Adjustment Expenses**

No material changes from year end disclosures.

**26. Intercompany Pooling Arrangements**

No material changes from year end disclosures.

**27. Structured Settlements**

No material changes from year end disclosures.

**28. Health Care Receivables**

No material changes from year end disclosures.

**29. Participating Policies**

No material changes from year end disclosures.

**30. Premium Deficiency Reserves**

As of June 30, 2007, the Plan had a liability of \$2,661,000 related to a premium deficiency reserve (PDR) for its Medicare Advantage product for the 2007 contract year. This liability reflects an additional PDR of \$1,120,000 recorded in the 2<sup>nd</sup> quarter to reflect additional anticipated shortfall for the product. The Plan considered anticipated investment income when calculating its premium deficiency reserves. The PDR at December 31, 2006 was \$2,276,000.

**31. Anticipated Salvage and Subrogation**

No material changes from year end disclosures.

## GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

### PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes  No
- 2.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No   
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
Care Choices HMO.....	95452	MI

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2006
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2003
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 04/04/2005
- 6.4 By what department or departments?  
OFS.....
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes  No
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes  No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes  No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

**GENERAL INTERROGATORIES**

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:  
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
.....

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes [X] No [ ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....1,551,717

**INVESTMENT**

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]
- 11.2 If yes, explain:  
.....
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]
- 12.2 If yes, give full and complete information relating thereto:  
.....
13. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0
14. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [X] No [ ]
- 15.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
15.21 Bonds .....	\$ .....0	\$ .....0
15.22 Preferred Stock .....	\$ .....0	\$ .....0
15.23 Common Stock .....	\$ .....18,804,236	\$ .....18,813,874
15.24 Short-Term Investments .....	\$ .....0	\$ .....0
15.25 Mortgage Loans on Real Estate .....	\$ .....0	\$ .....0
15.26 All Other .....	\$ .....0	\$ .....0
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26).....	\$ .....18,804,236	\$ .....18,813,874
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above .....	\$ .....0	\$ .....0

- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]
- 16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]  
If no, attach a description with this statement.

## GENERAL INTERROGATORIES

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? .....

Yes  No

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, MI.....
Huntington National Bank.....	Grand Rapids, MI.....
Mellon Trust.....	Pittsburgh, PA.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes in the custodian(s) identified in 17.1 during the current quarter? .....

Yes  No

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
N/A.....	Prime Investments.....	Bloomfield, CT.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? .....

Yes  No

18.2 If no, list exceptions:

.....

**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	223,104	312,868
2. Increase (decrease) by adjustment .....	(45,020)	(89,764)
3. Cost of acquired .....	7,134	0
4. Cost of additions to and permanent improvements .....	0	0
5. Total profit (loss) on sales .....	0	0
6. Increase (decrease) by foreign exchange adjustment .....	0	0
7. Amount received on sales .....	0	0
8. Book/adjusted carrying value at end of current period .....	185,218	223,104
9. Total valuation allowance .....	0	0
10. Subtotal (Lines 8 plus 9) .....	185,218	223,104
11. Total nonadmitted amounts .....	185,218	223,104
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....	0	0
2.2. Additional investment made after acquisitions .....	0	0
3. Accrual of discount and mortgage interest points and commitment fees .....	0	0
4. Increase (decrease) by adjustment .....	0	0
5. Total profit (loss) on sale .....	0	0
6. Amounts paid on account or in full during the period .....	0	0
7. Amortization of premium .....	0	0
8. Increase (decrease) by foreign exchange adjustment .....	0	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	0	0
10. Total valuation allowance .....	0	0
11. Subtotal (Lines 9 plus 10) .....	0	0
12. Total nonadmitted amounts .....	0	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

**SCHEDULE BA – VERIFICATION**

**Other Invested Assets**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value of long-term invested assets owned December 31 of prior year .....	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....	0	0
2.2. Additional investment made after acquisitions .....	0	0
3. Accrual of discount .....	0	0
4. Increase (decrease) by adjustment .....	0	0
5. Total profit (loss) on sale .....	0	0
6. Amounts paid on account or in full during the period .....	0	0
7. Amortization of premium .....	0	0
8. Increase (decrease) by foreign exchange adjustment .....	0	0
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	0	0
10. Total valuation allowance .....	0	0
11. Subtotal (Lines 9 plus 10) .....	0	0
12. Total nonadmitted amounts .....	0	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	186,410,982	174,471,546
2. Cost of bonds and stocks acquired .....	56,422,509	25,551,913
3. Accrual of discount .....	61,915	81,890
4. Increase (decrease) by adjustment .....	2,467,308	11,414,016
5. Increase (decrease) by foreign exchange adjustment .....	0	0
6. Total profit (loss) on disposal .....	(87,243)	(46,454)
7. Consideration for bonds and stocks disposed of .....	36,950,975	24,296,580
8. Amortization of premium .....	286,487	765,349
9. Book/adjusted carrying value, current period .....	208,038,009	186,410,982
10. Total valuation allowance .....	0	0
11. Subtotal (Lines 9 plus 10) .....	208,038,009	186,410,982
12. Total nonadmitted amounts .....	663,792	0
13. Statement value .....	207,374,217	186,410,982

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	282,866,014	159,316,064	151,449,976	588,606	282,866,014	291,320,708	.0	266,746,053
2. Class 2 .....	3,502,727	124,596	.0	(437,682)	3,502,727	3,189,641	.0	3,863,514
3. Class 3 .....	.0	.0	.0	.0	.0	.0	.0	.0
4. Class 4 .....	.0	.0	.0	.0	.0	.0	.0	.0
5. Class 5 .....	.0	.0	.0	.0	.0	.0	.0	.0
6. Class 6 .....	0	0	0	0	0	0	0	0
7. Total Bonds	286,368,741	159,440,660	151,449,976	150,924	286,368,741	294,510,349	0	270,609,567
<b>PREFERRED STOCK</b>								
8. Class 1 .....	.0	.0	.0	.0	.0	.0	.0	.0
9. Class 2 .....	.0	.0	.0	.0	.0	.0	.0	.0
10. Class 3 .....	.0	.0	.0	.0	.0	.0	.0	.0
11. Class 4 .....	.0	.0	.0	.0	.0	.0	.0	.0
12. Class 5 .....	.0	.0	.0	.0	.0	.0	.0	.0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	286,368,741	159,440,660	151,449,976	150,924	286,368,741	294,510,349	0	270,609,567

**SCHEDULE DA - PART 1****Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	147,437,399	XXX	147,071,020	4,264,479	256,121

**SCHEDULE DA - PART 2- VERIFICATION****Short-Term Investments Owned**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	156,352,078	165,472,478
2. Cost of short-term investments acquired .....	185,308,922	340,272,968
3. Increase (decrease) by adjustment .....	390,794	370,152
4. Increase (decrease) by foreign exchange adjustment .....		0
5. Total profit (loss) on disposal of short-term investments .....		(804)
6. Consideration received on disposal of short-term investments .....	194,614,395	349,762,716
7. Book/adjusted carrying value, current period .....	147,437,399	156,352,078
8. Total valuation allowance .....		0
9. Subtotal (Lines 7 plus 8) .....	147,437,399	156,352,078
10. Total nonadmitted amounts .....		0
11. Statement value (Lines 9 minus 10) .....	147,437,399	156,352,078
12. Income collected during period .....	4,399,151	7,349,115
13. Income earned during period .....	4,178,086	7,488,490

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**



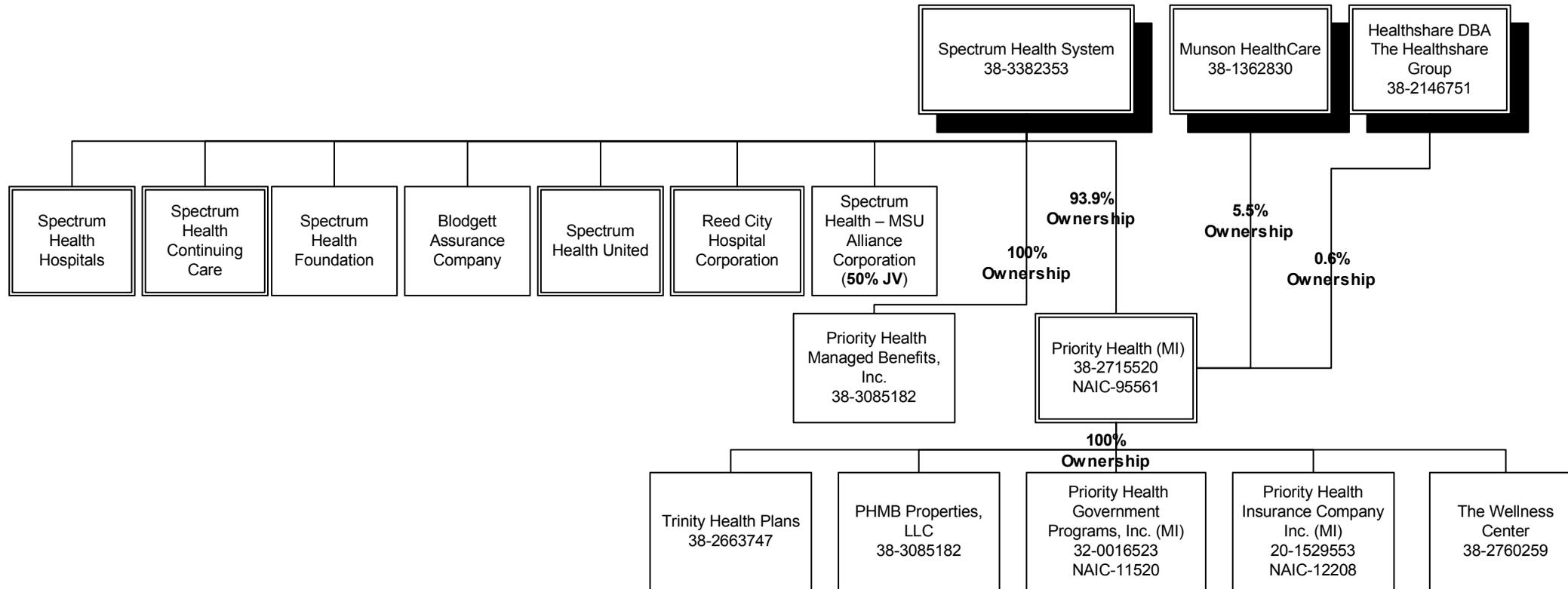
**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed (Yes or No)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	No							0	
2. Alaska	AK	No							0	
3. Arizona	AZ	No							0	
4. Arkansas	AR	No							0	
5. California	CA	No							0	
6. Colorado	CO	No							0	
7. Connecticut	CT	No							0	
8. Delaware	DE	No							0	
9. District of Columbia	DC	No							0	
10. Florida	FL	No							0	
11. Georgia	GA	No							0	
12. Hawaii	HI	No							0	
13. Idaho	ID	No							0	
14. Illinois	IL	No							0	
15. Indiana	IN	No							0	
16. Iowa	IA	No							0	
17. Kansas	KS	No							0	
18. Kentucky	KY	No							0	
19. Louisiana	LA	No							0	
20. Maine	ME	No							0	
21. Maryland	MD	No							0	
22. Massachusetts	MA	No							0	
23. Michigan	MI	Yes	667,313,934	25,305,473					692,619,407	
24. Minnesota	MN	No							0	
25. Mississippi	MS	No							0	
26. Missouri	MO	No							0	
27. Montana	MT	No							0	
28. Nebraska	NE	No							0	
29. Nevada	NV	No							0	
30. New Hampshire	NH	No							0	
31. New Jersey	NJ	No							0	
32. New Mexico	NM	No							0	
33. New York	NY	No							0	
34. North Carolina	NC	No							0	
35. North Dakota	ND	No							0	
36. Ohio	OH	No							0	
37. Oklahoma	OK	No							0	
38. Oregon	OR	No							0	
39. Pennsylvania	PA	No							0	
40. Rhode Island	RI	No							0	
41. South Carolina	SC	No							0	
42. South Dakota	SD	No							0	
43. Tennessee	TN	No							0	
44. Texas	TX	No							0	
45. Utah	UT	No							0	
46. Vermont	VT	No							0	
47. Virginia	VA	No							0	
48. Washington	WA	No							0	
49. West Virginia	WV	No							0	
50. Wisconsin	WI	No							0	
51. Wyoming	WY	No							0	
52. American Samoa	AS	No							0	
53. Guam	GU	No							0	
54. Puerto Rico	PR	No							0	
55. U.S. Virgin Islands	VI	No							0	
56. Northern Mariana Islands	MP	No							0	
57. Canada	CN	No							0	
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	667,313,934	25,305,473	0	0	0	0	0	692,619,407	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1	667,313,934	25,305,473	0	0	0	0	0	692,619,407	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

**Explanation:**

1.

**Bar Code:**

1.



**OVERFLOW PAGE FOR WRITE-INS**

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Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 1

**NONE**

Schedule B - Part 2

**NONE**

Schedule BA - Part 1

**NONE**

Schedule BA - Part 2

**NONE**

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
3128X5-WL-8	FHLMC		05/03/2007	BONDSIRECT		1,998,760	2,000,000	35,039	1
3133XJ-US-5	FHLB		04/04/2007	BONDSIRECT		1,507,710	1,500,000	12,500	1
3137EA-AP-4	FHLMC		04/04/2007	JP MORGAN		1,503,420	1,500,000	11,375	1
0399999 - Total	Bonds - U.S. Government					5,009,890	5,000,000	58,914	XXX
3128M4-JV-6	FHLMC 602676		04/04/2007	HSBC		982,007	991,927	1,667	1
3128M4-K6-9	FHLMC 602717		05/01/2007	HSBC		1,070,039	1,082,898	2,151	1
3128M4-R4-7	FHLMC 602907		06/27/2007	HSBC		1,073,241	1,060,809	2,107	1
3128MJ-F4-7	FHLMC 608186		04/04/2007	DAIN BOSWORTH		1,483,522	1,498,034	2,518	1
31371N-CJ-2	FNMA #256673		06/13/2007	GREENWICH		1,324,043	1,385,073	3,597	1
31371N-DR-3	FNMA #256712		05/17/2007	HSBC		1,299,805	1,293,338	4,527	1
31410U-3F-7	FNMA #898198		04/05/2007	LEHMAN		1,976,552	1,961,077	3,595	1
31410U-SZ-6	FNMA #897936		04/04/2007	GREENWICH		975,137	972,706	2,378	1
31410V-DU-1	FNMA #898415		04/04/2007	HSBC		953,083	945,255	1,733	1
31411E-ZB-6	FNMA #906238		04/04/2007	GREENWICH		1,921,866	1,984,181	3,031	1
3199999 - Total	Bonds - Special Revenue					13,059,294	13,175,299	27,304	XXX
14041N-AW-1	COMET 2003-A4		04/09/2007	GREENWICH		1,248,554	1,275,000	3,490	1FE
14041N-CP-4	COMET 2006-A2 A		05/03/2007	JP MORGAN		1,990,156	2,000,000	6,197	1FE
17305E-BS-3	CCCIT 2003-A6 A6		04/05/2007	WACHOVIA		975,898	1,000,000	11,761	1FE
36228C-VU-4	GSMS 2005-GG4 A4A		05/03/2007	GREENWICH		2,883,281	3,000,000	2,771	1FE
368710-AG-4	GENENTECH INC (USA)		05/11/2007	WACHOVIA		480,265	500,000	7,983	1FE
472319-AD-4	JEFFERIES GROUP INC		06/04/2007	BONDSIRECT		124,596	125,000	0	2FE
929766-C3-5	WBCMT 2005-C17 A4		05/03/2007	WACHOVIA		2,945,859	3,000,000	2,965	1FE
4599999 - Total	Bonds - Industrial, Misc.					10,648,610	10,900,000	35,168	XXX
6099997 - Total	Bonds - Part 3					28,717,795	29,075,299	121,385	XXX
6099999 - Total	Bonds					28,717,795	29,075,299	121,385	XXX
6499999 - Total	Preferred Stocks - Parent, Subsidiaries, Affiliates					0	XXX		XXX
6599997 - Total	Preferred Stocks - Part 3					0	XXX		XXX
6599999 - Total	Preferred Stocks					0	XXX	0	XXX
000000-00-0	Trinity Health Plans		04/01/2007	Trinity Health	0.000	663,790			
000000-00-0	Priority Health Wellness Company		04/01/2007	Priority Health Managed Benefits	0.000	1			
000000-00-0	PHMB Properties		04/01/2007	Priority Health Managed Benefits	0.000	1			
6999999 - Total	Common Stocks - Parent, Subsidiaries, Affiliates					663,792	XXX		XXX
31420B-88-8	FEDERATED GOVT ULTRA DUR - IS		06/06/2007	VARIOUS	2,668,266.080	26,363,808		0	L
922040-10-0	VANGUARD INSTL INDEX FUND		06/22/2007	FIFTHTHIRD	655.237	89,951		0	L
7099999 - Total	Common Stocks - Mutual Fund					26,453,759	XXX	0	XXX
7299997 - Total	Common Stocks - Part 3					27,117,551	XXX	0	XXX
7299999 - Total	Common Stocks					27,117,551	XXX	0	XXX
7399999 - Total	Preferred and Common Stocks					27,117,551	XXX	0	XXX
7499999 - Totals						55,835,346	XXX	121,385	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0

E04

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31359W-MP-5.	FNMA #610991		04/15/2007	MATURITY		100,000	100,000	100,245	100,067	.0	(67)	.0	(67)	.0	100,000	.0	.0	.0	2,625	04/15/2007	1
36202V-XU-0.	GNMA #610991		06/01/2007	MBS PAYDOWN		36,560	36,560	36,308	36,541	.0	19	.0	19	.0	36,560	.0	.0	.0	741	06/01/2034	1
36291E-RM-5.	GNMA #626092		06/01/2007	MBS PAYDOWN		1,768	1,768	1,798	1,768	.0	.0	.0	.0	.0	1,768	.0	.0	.0	40	03/01/2034	1
36291S-PT-1.	GNMA #636834		06/01/2007	MBS PAYDOWN		5,447	5,447	5,560	5,447	.0	(9)	.0	(9)	.0	5,447	.0	.0	.0	145	11/01/2034	1
912828-AC-4.	US TREASURY N/B		05/15/2007	MATURITY		500,000	500,000	539,260	503,797	.0	(3,797)	.0	(3,797)	.0	500,000	.0	.0	.0	10,938	05/15/2007	1
0399999 - Bonds - U.S. Governments						643,775	643,775	683,171	647,630	0	(3,855)	0	(3,855)	0	643,775	0	0	0	14,488	XXX	XXX
31283H-S9-7.	FHLMC G01444		06/01/2007	MBS PAYDOWN		7,605	7,605	7,922	7,622	.0	(16)	.0	(16)	.0	7,605	.0	.0	.0	209	08/01/2032	1
31287X-Z8-2.	FHLMC C70767		06/01/2007	MBS PAYDOWN		1,014	1,014	1,050	1,014	.0	.0	.0	.0	.0	1,014	.0	.0	.0	26	09/01/2032	1
3128JN-ZC-0.	FHLMC 1B2670		05/01/2007	MBS PAYDOWN		20,563	20,563	20,664	20,568	.0	(5)	.0	(5)	.0	20,563	.0	.0	.0	400	12/01/2034	1
3128K6-SB-2.	FHLMC A46242		06/01/2007	MBS PAYDOWN		19,806	19,806	19,042	19,772	.0	34	.0	34	.0	19,806	.0	.0	.0	432	07/01/2035	1
3128M1-C7-2.	FHLMC G11994		06/01/2007	MBS PAYDOWN		20,687	20,687	20,555	20,678	.0	10	.0	10	.0	20,687	.0	.0	.0	479	05/01/2021	1
3128M1-KY-4.	FHLMC G12211		06/01/2007	MBS PAYDOWN		15,851	15,851	15,472	15,825	.0	26	.0	26	.0	15,851	.0	.0	.0	333	06/01/2021	1
3128M1-NX-3.	FHLMC G12306		06/01/2007	MBS PAYDOWN		23,734	23,734	23,960	23,752	.0	(18)	.0	(18)	.0	23,734	.0	.0	.0	600	07/01/2021	1
3128M4-JV-6.	FHLMC G02676		06/01/2007	MBS PAYDOWN		10,597	10,597	10,491	10,597	.0	.0	.0	.0	.0	10,597	.0	.0	.0	72	03/01/2037	1
3128M4-K6-9.	FHLMC G02717		06/01/2007	MBS PAYDOWN		8,510	8,510	8,409	8,510	.0	.0	.0	.0	.0	8,510	.0	.0	.0	39	02/01/2037	1
3128MJ-BP-4.	FHLMC G08045		06/01/2007	MBS PAYDOWN		10,350	10,350	10,285	10,348	.0	2	.0	2	.0	10,350	.0	.0	.0	211	03/01/2035	1
3128MJ-BQ-2.	FHLMC G08046		06/01/2007	MBS PAYDOWN		38,062	38,062	38,633	38,086	.0	(24)	.0	(24)	.0	38,062	.0	.0	.0	871	03/01/2035	1
3128MJ-CJ-7.	FHLMC G08072		06/01/2007	MBS PAYDOWN		15,526	15,526	15,131	15,526	.0	15	.0	15	.0	15,526	.0	.0	.0	324	08/01/2035	1
3128MJ-F4-7.	FHLMC G08186		06/01/2007	MBS PAYDOWN		8,932	8,932	8,845	8,932	.0	.0	.0	.0	.0	8,932	.0	.0	.0	62	03/01/2037	1
3128MM-CO-4.	FHLMC G18078		06/01/2007	MBS PAYDOWN		19,254	19,254	18,920	19,233	.0	21	.0	21	.0	19,254	.0	.0	.0	405	10/01/2020	1
3128MM-D6-5.	FHLMC G18102		06/01/2007	MBS PAYDOWN		15,364	15,364	15,589	15,380	.0	(16)	.0	(16)	.0	15,364	.0	.0	.0	377	02/01/2021	1
31292H-R7-1.	FHLMC C01410		06/01/2007	MBS PAYDOWN		3,535	3,535	3,646	3,539	.0	(3)	.0	(3)	.0	3,535	.0	.0	.0	89	10/01/2032	1
31292H-RZ-9.	FHLMC C01404		06/01/2007	MBS PAYDOWN		3,393	3,393	3,521	3,396	.0	(3)	.0	(3)	.0	3,393	.0	.0	.0	90	10/01/2032	1
31292J-BQ-2.	FHLMC C01847		06/01/2007	MBS PAYDOWN		17,122	17,122	16,908	17,114	.0	8	.0	8	.0	17,122	.0	.0	.0	394	06/01/2034	1
31292J-BR-0.	FHLMC C01848		06/01/2007	MBS PAYDOWN		23,670	23,670	24,251	23,695	.0	(24)	.0	(24)	.0	23,670	.0	.0	.0	586	06/01/2034	1
31294K-YC-3.	FHLMC E01607		06/01/2007	MBS PAYDOWN		17,018	17,018	17,231	17,030	.0	(12)	.0	(12)	.0	17,018	.0	.0	.0	367	04/01/2019	1
312965-TD-8.	FHLMC B13248		06/01/2007	MBS PAYDOWN		23,477	23,477	23,892	23,496	.0	(19)	.0	(19)	.0	23,477	.0	.0	.0	490	04/01/2019	1
312969-TB-8.	FHLMC B17190		06/01/2007	MBS PAYDOWN		46,600	46,600	46,541	46,596	.0	4	.0	4	.0	46,600	.0	.0	.0	873	11/01/2019	1
312969-FY-9.	FHLMC B16483		06/01/2007	MBS PAYDOWN		35,701	35,701	36,543	35,775	.0	(75)	.0	(75)	.0	35,701	.0	.0	.0	980	09/01/2019	1
31297C-KU-3.	FHLMC A24807		06/01/2007	MBS PAYDOWN		46,087	46,087	45,475	46,060	.0	26	.0	26	.0	46,087	.0	.0	.0	782	07/01/2034	1
31297C-ZO-6.	FHLMC A25251		06/01/2007	MBS PAYDOWN		2,078	2,078	2,148	2,083	.0	(6)	.0	(6)	.0	2,078	.0	.0	.0	52	08/01/2034	1
31297E-UN-4.	FHLMC A26889		06/01/2007	MBS PAYDOWN		12,988	12,988	13,138	12,994	.0	(7)	.0	(7)	.0	12,988	.0	.0	.0	344	09/01/2034	1
31297G-FG-1.	FHLMC A28267		06/01/2007	MBS PAYDOWN		51,003	51,003	51,848	51,062	.0	(59)	.0	(59)	.0	51,003	.0	.0	.0	1,149	11/01/2034	1
31297N-OE-1.	FHLMC A32253		06/01/2007	MBS PAYDOWN		2,527	2,527	2,470	2,526	.0	.0	.0	.0	.0	2,527	.0	.0	.0	53	04/01/2035	1
31297N-TA-4.	FHLMC A33245		06/01/2007	MBS PAYDOWN		12,249	12,249	11,872	12,235	.0	14	.0	14	.0	12,249	.0	.0	.0	219	02/01/2035	1
31335H-4P-5.	FHLMC C90830		06/01/2007	MBS PAYDOWN		15,613	15,613	15,386	15,606	.0	.8	.0	.8	.0	15,613	.0	.0	.0	295	05/01/2024	1
31335H-SF-6.	FHLMC C90846		06/01/2007	MBS PAYDOWN		29,731	29,731	30,400	29,768	.0	(37)	.0	(37)	.0	29,731	.0	.0	.0	673	08/01/2024	1
3133X9-DY-3.	FHLB 6T-9009		06/25/2007	MBS PAYDOWN		21,916	21,916	21,841	21,856	.0	61	.0	61	.0	21,916	.0	.0	.0	354	11/25/2009	1
31371H-D9-6.	FNMA #252228		06/01/2007	MBS PAYDOWN		1,820	1,820	1,906	1,838	.0	(19)	.0	(19)	.0	1,820	.0	.0	.0	53	12/01/2028	1
31371K-T6-8.	FNMA #254473		06/01/2007	MBS PAYDOWN		6,207	6,207	6,427	6,219	.0	(12)	.0	(12)	.0	6,207	.0	.0	.0	141	10/01/2017	1
31371K-UC-3.	FNMA #254479		06/01/2007	MBS PAYDOWN		3,390	3,390	3,506	3,396	.0	(6)	.0	(6)	.0	3,390	.0	.0	.0	86	10/01/2032	1
31371K-WK-3.	FNMA #254550		06/01/2007	MBS PAYDOWN		5,286	5,286	5,471	5,296	.0	(11)	.0	(11)	.0	5,286	.0	.0	.0	142	12/01/2032	1
31371L-DN-6.	FNMA #254909		06/01/2007	MBS PAYDOWN		16,099	16,099	16,224	16,107	.0	(9)	.0	(9)	.0	16,099	.0	.0	.0	270	09/01/2013	1
31371L-F2-0.	FNMA #254985		06/01/2007	MBS PAYDOWN		13,267	13,267	13,366	13,272	.0	(5)	.0	(5)	.0	13,267	.0	.0	.0	275	11/01/2023	1
31371L-K2-4.	FNMA #255113		06/01/2007	MBS PAYDOWN		24,362	24,362	24,442	24,366	.0	(4)	.0	(4)	.0	24,362	.0	.0	.0	497	02/01/2024	1
31371L-SJ-9.	FNMA #255321		06/01/2007	MBS PAYDOWN		20,172	20,172	20,679	20,197	.0	(26)	.0	(26)	.0	20,172	.0	.0	.0	475	07/01/2024	1
31371L-Z2-8.	FNMA #255561		06/01/2007	MBS PAYDOWN		22,562	22,562	22,907	22,587	.0	(25)	.0	(25)	.0	22,562	.0	.0	.0	588	12/01/2024	1
31371M-GF-8.	FNMA #255898		06/01/2007	MBS PAYDOWN		25,201	25,201	24,051	25,148	.0	53	.0	53	.0	25,201	.0	.0	.0	521	10/01/2035	1
31371M-MG-9.	FNMA #256059		06/01/2007	MBS PAYDOWN		14,739	14,739	14,670	14,739	.0	3	.0	3	.0	14,739	.0	.0	.0	332	01/01/2036	1
31371M-U9-6.	FNMA #256308		06/01/2007	MBS PAYDOWN		65,401	65,401	64,548	65,345	.0	56	.0	56	.0	65,401	.0	.0	.0	1,634	07/01/2036	1
31371M-VA-2.	FNMA #256309		06/01/2007	MBS PAYDOWN		33,826	33,826	34,006	33,848	.0	(22)	.0	(22)	.0	33,826	.0	.0	.0	940	07/01/2036	1
31371N-DR-3.	FNMA #256712		06/01/2007	MBS PAYDOWN		9,520	9,520	9,567	9,520	.0	.0	.0	.0	.0	9,520	.0	.0	.0	48	05/01/2037	1
31374G-WG-8.	FNMA #313947		06/01/2007	MBS PAYDOWN		1,198	1,198	1,255	1,202	.0	(4)	.0	(4)	.0	1,198	.0	.0	.0	35	01/01/2028</	

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
313910-S8-8	FNMA #673843		06/01/2007	MBS PAYDOWN		4,621	4,621	4,709	4,623	0	(3)	0	(3)	0	4,621	0	0	0	106	10/01/2017	1
31393M-6V-8	FHLMC 2580 QL		06/01/2007	MBS PAYDOWN		47,249	47,249	48,297	47,298	0	(50)	0	(50)	0	47,249	0	0	0	887	01/01/2008	1
31400C-6F-6	FNMA #684070		06/01/2007	MBS PAYDOWN		7,997	7,997	8,187	8,007	0	(11)	0	(11)	0	7,997	0	0	0	173	05/01/2018	1
31400W-17-5	FNMA #699974		06/01/2007	MBS PAYDOWN		9,059	9,059	9,279	9,070	0	(11)	0	(11)	0	9,059	0	0	0	206	04/01/2033	1
31401B-VB-8	FNMA #703610		06/01/2007	MBS PAYDOWN		7,797	7,797	7,998	7,808	0	(12)	0	(12)	0	7,797	0	0	0	140	06/01/2018	1
31401W-V9-7	FNMA #720740		06/01/2007	MBS PAYDOWN		11,857	11,857	12,137	11,867	0	(9)	0	(9)	0	11,857	0	0	0	250	07/01/2033	1
31402Q-CF-6	FNMA #734570		06/01/2007	MBS PAYDOWN		1,531	1,531	1,518	1,531	0	1	0	1	0	1,531	0	0	0	36	08/01/2033	1
31402W-LY-2	FNMA #740243		06/01/2007	MBS PAYDOWN		17,636	17,636	17,890	17,642	0	(6)	0	(6)	0	17,636	0	0	0	496	10/01/2033	1
31403U-3H-2	FNMA #758700		06/01/2007	MBS PAYDOWN		13,296	13,296	12,997	13,287	0	9	0	9	0	13,296	0	0	0	222	11/01/2019	1
31403V-GR-4	FNMA #759008		06/01/2007	MBS PAYDOWN		3,984	3,984	3,954	3,982	0	2	0	2	0	3,984	0	0	0	92	01/01/2034	1
31404D-0G-6	FNMA #765555		06/01/2007	MBS PAYDOWN		6,147	6,147	6,054	6,147	0	1	0	1	0	6,147	0	0	0	148	12/01/2033	1
31404J-0D-0	FNMA #770052		06/01/2007	MBS PAYDOWN		11,157	11,157	11,262	11,162	0	(5)	0	(5)	0	11,157	0	0	0	212	03/01/2019	1
31404K-TB-8	FNMA #771046		06/01/2007	MBS PAYDOWN		48,395	48,395	48,236	48,390	0	4	0	4	0	48,395	0	0	0	907	04/01/2019	1
31405B-A6-8	FNMA #784029		06/01/2007	MBS PAYDOWN		24,687	24,687	24,606	24,684	0	4	0	4	0	24,687	0	0	0	502	06/01/2019	1
31405C-UT-4	FNMA #785494		06/01/2007	MBS PAYDOWN		26,915	26,915	26,713	26,910	0	5	0	5	0	26,915	0	0	0	606	06/01/2034	1
31405F-3V-2	FNMA #788412		06/01/2007	MBS PAYDOWN		5,910	5,910	5,829	5,908	0	2	0	2	0	5,910	0	0	0	111	07/01/2019	1
31405H-5G-9	FNMA #790247		06/01/2007	MBS PAYDOWN		28,693	28,693	28,047	28,677	0	16	0	16	0	28,693	0	0	0	604	08/01/2034	1
31405M-MA-2	FNMA #793353		06/01/2007	MBS PAYDOWN		15,699	15,699	16,170	15,720	0	(21)	0	(21)	0	15,699	0	0	0	389	08/01/2034	1
31405N-S8-9	FNMA #794443		06/01/2007	MBS PAYDOWN		15,740	15,740	15,924	15,745	0	(5)	0	(5)	0	15,740	0	0	0	379	10/01/2034	1
31405P-0Q-6	FNMA #795263		06/01/2007	MBS PAYDOWN		11,895	11,895	12,111	11,904	0	(9)	0	(9)	0	11,895	0	0	0	271	09/01/2019	1
31406B-EU-0	FNMA #804847		06/01/2007	MBS PAYDOWN		17,922	17,922	17,284	17,896	0	25	0	25	0	17,922	0	0	0	353	01/01/2035	1
31406F-TS-0	FNMA #808861		06/01/2007	MBS PAYDOWN		27,680	27,680	28,112	27,704	0	(24)	0	(24)	0	27,680	0	0	0	588	01/01/2035	1
31406K-E9-7	FNMA #812060		06/01/2007	MBS PAYDOWN		28,939	28,939	28,808	28,933	0	5	0	5	0	28,939	0	0	0	497	03/01/2035	1
31406T-JR-3	FNMA #819372		06/01/2007	MBS PAYDOWN		20,121	20,121	20,016	20,115	0	6	0	6	0	20,121	0	0	0	365	03/01/2020	1
31407B-U6-4	FNMA #826005		06/01/2007	MBS PAYDOWN		12,398	12,398	11,970	12,375	0	23	0	23	0	12,398	0	0	0	265	07/01/2035	1
31407Y-ES-4	FNMA #844445		06/01/2007	MBS PAYDOWN		34,481	34,481	33,193	34,405	0	76	0	76	0	34,481	0	0	0	751	12/01/2035	1
31407Y-R6-8	FNMA #844809		06/01/2007	MBS PAYDOWN		13,674	13,674	13,315	13,659	0	15	0	15	0	13,674	0	0	0	292	11/01/2035	1
31408A-EN-6	FNMA #845341		06/01/2007	MBS PAYDOWN		23,006	23,006	22,905	23,002	0	4	0	4	0	23,006	0	0	0	498	01/01/2036	1
31408B-2X-5	FNMA #846890		06/01/2007	MBS PAYDOWN		13,026	13,026	12,859	13,018	0	8	0	8	0	13,026	0	0	0	325	12/01/2035	1
31408D-U0-5	FNMA #848491		06/01/2007	MBS PAYDOWN		27,845	27,845	27,305	27,812	0	33	0	33	0	27,845	0	0	0	649	12/01/2035	1
31409E-LS-8	FNMA #868937		06/01/2007	MBS PAYDOWN		31,677	31,677	32,063	31,730	0	(52)	0	(52)	0	31,677	0	0	0	845	05/01/2036	1
31410U-3F-7	FNMA #898198		06/01/2007	MBS PAYDOWN		65,303	65,303	65,818	65,303	0	(13)	0	(13)	0	65,303	0	0	0	495	11/01/2036	1
31410U-SZ-6	FNMA #897936		06/01/2007	MBS PAYDOWN		26,419	26,419	26,485	26,419	0	(1)	0	(1)	0	26,419	0	0	0	166	08/01/2021	1
31410V-DU-1	FNMA #898415		06/01/2007	MBS PAYDOWN		13,780	13,780	13,894	13,780	0	(2)	0	(2)	0	13,780	0	0	0	98	10/01/2036	1
31411E-ZB-6	FNMA #906238		06/01/2007	MBS PAYDOWN		14,811	14,811	14,346	14,811	0	3	0	3	0	14,811	0	0	0	83	01/01/2037	1
3199999	Bonds - Special Revenues					1,670,578	1,670,578	1,673,581	1,512,925	0	(229)	0	(229)	0	1,670,578	0	0	0	34,534	XXX	XXX
059438-AJ-0	BANC ONE CORP		05/01/2007	MATURITY		500,000	500,000	579,465	506,282	0	(6,282)	0	(6,282)	0	500,000	0	0	0	19,000	05/01/2007	1FE
07383F-AA-6	BSCMS 1998-C1 A1		06/01/2007	MBS PAYDOWN		25,070	25,070	27,150	25,395	0	(325)	0	(325)	0	25,070	0	0	0	708	10/01/2007	1FE
22540A-JM-1	CSFB 1998-C2 A2		06/01/2007	MBS PAYDOWN		34,165	34,165	37,321	34,499	0	(333)	0	(333)	0	34,165	0	0	0	966	12/11/2008	1FE
22540V-EH-1	CSFB 2001-CKN5 A3		06/01/2007	MBS PAYDOWN		20,680	20,680	21,407	21,207	0	(527)	0	(527)	0	20,680	0	0	0	471	01/01/2010	1FE
25468P-BZ-8	WALT DISNEY COMPANY		06/01/2007	MATURITY		250,000	250,000	262,905	252,069	0	(2,069)	0	(2,069)	0	250,000	0	0	0	6,719	06/01/2007	1FE
337367-AB-2	FULBA 1998-C2 A2		06/01/2007	MBS PAYDOWN		7,413	7,413	8,020	7,425	0	(12)	0	(12)	0	7,413	0	0	0	232	11/01/2008	1FE
43812F-AD-6	HAROT 2004-1 A4		06/21/2007	MBS PAYDOWN		75,100	75,100	75,082	74,988	0	112	0	112	0	75,100	0	0	0	950	08/21/2008	1FE
46625W-WW-5	JPMCC 2003-CB6 A1		06/01/2007	MBS PAYDOWN		20,876	20,876	21,056	20,889	0	(13)	0	(13)	0	20,876	0	0	0	382	12/01/2012	1FE
501773-CS-2	LBCMT 1999-C1 A2		06/01/2007	MBS PAYDOWN		7,722	7,722	8,632	7,803	0	(82)	0	(82)	0	7,722	0	0	0	218	04/01/2009	1FE
61745M-KY-8	MSC 1999-RM1 A2		06/01/2007	MBS PAYDOWN		50,412	50,412	55,898	50,950	0	(537)	0	(537)	0	50,412	0	0	0	1,638	10/01/2008	1FE
78442F-AZ-1	SLM CORP		06/04/2007	BOA		404,000	500,000	510,675	510,512	0	(78)	0	(78)	0	510,434	0	(106,434)	(106,434)	23,906	08/01/2033	1FE
949780-AA-8	WFMS 2003-6 1A1		06/01/2007	MBS PAYDOWN		32,149	32,149	32,551	32,174	0	(26)	0	(26)	0	32,149	0	0	0	674	05/01/2018	1FE
4599999	Bonds - Industrial and Miscellaneous					1,427,587	1,523,587	1,640,162	1,544,193	0	(10,172)	0	(10,172)	0	1,534,021	0	(106,434)	(106,434)	55,865	XXX	XXX
6099997	Bonds - Part 4					3,741,940	3,837,940	3,996,913	3,704,748	0	(14,256)	0	(14,256)	0	3,848,374	0	(106,434)	(106,434)	104,887	XXX	XXX
6099999	Total - Bonds					3,741,940	3,837,940	3,996,913	3,704,748	0	(14,256)	0	(14,256)	0	3,848,374	0	(106,434)	(106,434)	104,887	XXX	XXX
6599999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
31420B-88-8	FEDERATED GOVT ULTRA DUR - IS		06/07/2007	VARIOUS		2,668,266.080	2,668,266.080	2,63													

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**



Schedule E - Part 2  
**NONE**